

11/30/04

**THE STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 04-211

ORDER OF NOTICE

On November 15, 2004, Granite State Electric Company ("GSEC") filed with the New Hampshire Public Utilities Commission ("Commission") a petition requesting adjustments to certain of its unbundled retail rates (Stranded Cost Charge, Transition Service Charge, Default Service Charge and Transmission Service Charge) as well as the Company's Conservation and Load Management fund balance. GSEC requests the retail rate changes become effective for service rendered on and after January 1, 2005. The proposed retail rate changes would increase the total bill of a residential customer using 500 kilowatt-hours (kWh) per month by \$0.44, or 0.79 percent, from \$55.66 to \$56.10 per month.

GSEC proposes to increase its Stranded Cost Charge from \$0.0057 per kWh to \$0.0060 per kWh. The purpose of the Stranded Cost Charge is to collect the Contract Termination Charge (CTC) billed to GSEC from an affiliate, New England Power Company (NEPCO), in connection with the termination of NEPCO's provision of wholesale electricity prior to the opening of GSEC's service territory to retail competition. The Commission approved the applicable recovery mechanism in *Granite State Electric Co.*, 85 NH PUC 532 (1998). GSEC filed its proposed CTC reconciliation for 2004 on November 24, 2004.

GSEC proposes to decrease its Transition Service adjustment factor from \$0.00151 per kWh to \$0.00040 per kWh. In 2002, the Commission approved GSEC's request to extend Transition Service through April 30, 2006 and combine its two Transition Service reconciliation

and adjustment factors as of January 1, 2004. The present filing presents the final reconciliation of the two previous recovery mechanisms.

GSEC proposes Transmission Service rates that average approximately \$0.00665 per kWh and a uniform Transmission Service adjustment factor for all rate classes of \$0.00058 per kWh. The combination of the average Transmission Service rate and the uniform Transmission Service Adjustment, currently \$0.00617 per kWh, will equal \$0.00723 per kWh.

Pursuant to the settlement agreement in the Core Energy Efficiency Programs approved by the Commission in Order No. 23,850 (November 29, 2001), GSEC filed its proposed Conservation and Load Management (C&LM) refund factors on May 30, 2002. The C&LM refund factor, effective for the period July 2002 through June 2003, was \$0.00032 per kWh for residential customers and \$0.00172 per kWh for commercial and industrial customers. As of June 2003, GSEC asserts that it over-refunded \$24,869 to residential customers and \$139,868 to commercial and industrial customers. For 2004, GSEC implemented the C&LM adjustment factors of \$0.00008 per kWh for residential customers and \$0.00025 per kWh for commercial and industrial customers. In this present filing, GSEC asserts that, as of October 2004, it must collect \$7,826 from residential customers and \$31,103 from commercial and industrial customers. GSEC proposes to cease collecting the over-refunded amounts, and will make a recommendation regarding disposition of the ending balances at a future date.

The Default Service adjustment factor for 2004 is currently \$0.00006 per kWh. GSEC is not proposing a Default Service adjustment factor for 2005 because the under-recovery of Default Service expense as of September 2004 is not large enough to yield a Default Service adjustment factor.

The filing raises, inter alia, issues related to GSEC's forecast of kWh deliveries and expenses, the reconciliation of the Contract Termination Charge, the disposition of certain balances subject to adjustment factors and, generally, whether the adjusted rates proposed by GSEC are just and reasonable as required by RSA 378.

Based upon the foregoing, it is hereby

ORDERED, that a Hearing be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on December 17, 2004 at 9:00 a.m.; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.01, GSEC shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than December 3, 2004, in a newspaper with statewide circulation or of general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before December 17, 2004; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.02, any party seeking to intervene in the proceeding shall submit to the Commission an original and eight copies of a Petition to Intervene with copies sent to GSEC and the Office of the Consumer Advocate on or before December 14, 2004, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interests may be affected by the proceeding, as required by N.H. Admin. Rule Puc 203.02 and RSA 541-A:32,I(b); and it is

FURTHER ORDERED, that any party objecting to a Petition to Intervene make said Objection on or before December 17, 2004.

By order of the Public Utilities Commission of New Hampshire this thirtieth day of
November, 2004.

Debra A. Howland
Executive Director & Secretary

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability, should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.